

While considering the Federal Housing Administration Reform Act, the House adopted a Republican motion to recommit that I believe could inadvertently hurt middle class homeowners who are struggling to work with banks to restructure their loans. The motion, offered by Rep. Chris Lee of New York in the last minutes of debate, prohibits borrowers who have stopped making payments on their mortgage loans despite having the funds to do so from receiving new FHA backed mortgage loans, and was adopted by voice vote. While I am very supportive of the underlying bill, I voted against passage after the flawed Republican motion to recommit was adopted and the amendment was accepted by the House Financial Services Committee. Below is my statement on the vote:

“Yesterday, House Democrats led the country one step closer to building a strong new foundation for the American economy by passing the Federal Housing Administration (FHA) Reform Act, H.R. 5072. Homeownership is the fulfillment of the American dream, and the FHA has helped millions of American families build a stable, secure life in communities across the country. FHA continues to play a key stabilizing force in the market and support sustainable homeownership for first-time buyers and underserved markets. The FHA Reform Act will provide FHA with valuable tools to continue instituting reforms that support the housing recovery in a fiscally responsible manner. By providing critical liquidity, FHA is helping restore the housing market, with approximately one-third of new purchase loans insured by the administration. For my Silicon Valley district, which was hard-hit by the foreclosure crisis, the FHA Reform Act will help stabilize and grow the housing market and implement a number of policy changes aimed at curbing risk and increasing capital reserves, while ensuring that responsible borrowers from underserved communities continue to have home ownership opportunities.

While I am very supportive of the underlying bill, and applaud the efforts of the Democratic leadership for passing this historic measure, ultimately I was forced to vote against passage of the FHA Reform Act after a last-minute adoption of a flawed Republican motion that I personally believe could inadvertently hurt lower and middle income families who are struggling to work with their banks to restructure their loans. I agree with my colleagues that those who try to game the housing system for financial gain by purposefully walking away from their underwater mortgages should be held accountable. I have heard many stories, however, from my constituents and honest homeowners across the country who are counseled, as a last resort, to miss their monthly mortgage payments in a desperate attempt to get the attention of their lenders. These families are saying to the banks, 'Please work with us. We want to pay our full mortgage loans and stay in our homes, but we need your attention.' Many lenders are refusing to work with struggling families until it is too late and the homes go into foreclosure. Banks need to put forth a good-faith effort to work with families to restructure their loans and stay in their homes. My heart and mind was with these families when I cast my vote against passage yesterday. I am hopeful that we can work with the Senate to improve this section of the bill to make sure honest homeowners are not inadvertently hurt by this important and necessary legislation, and that I can support final passage before the bill goes to the President's desk."